

IN THE MATTER OF THE )  
APPLICATION OF SPRINT LONG )  
DISTANCE, INC. FOR AUTHORITY )  
TO PROVIDE RESOLD AND )  
FACILITIES -BASED COMPETITIVE )  
LOCAL EXCHANGE SERVICE )

PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

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DIRECT TESTIMONY

OF

C. STEVE PARROTT

ON BEHALF OF

SPRINT LONG DISTANCE, INC.

December 29, 2005

1   **Q. Please state your name and business address.**

2   A. My name is C. Steve Parrott and my business address is 14111 Capital  
3       Boulevard, Wake Forest, North Carolina, 27587-5900.

4

5   **Q. By whom are you employed and what is your position?**

6   A. I am employed by Sprint/United Management Company as State Executive  
7       for North Carolina and South Carolina and I am testifying in this proceeding  
8       on behalf of Sprint Long Distance, Inc. and LTD Holding Company.

9

10   **Q. Please briefly outline your education, training and experience in the**  
11       **telephone industry.**

12   A. I hold a Bachelor of Science Degree in Business Administration (Accounting  
13       Major) from the University of Tennessee at Knoxville and I have over twenty-  
14       five (25) years of telephony experience with Sprint Corporation. Following  
15       my employment with Sprint's regional local exchange company in Bristol,  
16       Tennessee in July 1977 as a staff accountant, I have held numerous staff  
17       and management positions in the areas of finance/accounting, information  
18       management services, and regulatory affairs. Management positions have  
19       included General Accounting Manager, Director - Local Revenues, Director -  
20       Rate Planning and Rate Case Matters, Director - Revenues and Regulatory  
21       Matters, Director - Regulatory Affairs TN/VA and Director-State Regulatory  
22       Affairs. In November 2000, I was appointed to my present position of State  
23       Executive-NC/SC.

1 **Q. What are your responsibilities as State Executive – NC/SC?**

2 A. I am directly responsible for state regulatory affairs and governmental affairs  
3 work functions for all Sprint affiliates (including United Telephone Company  
4 of the Carolinas) in North Carolina and South Carolina, as well as for Sprint's  
5 Local Telephone Division's corporate communications and public affairs  
6 functions in these states. Although I am not an attorney, I do have indirect  
7 responsibility for the legal (regulatory) functions in these states. As State  
8 Executive-NC/SC, I direct Sprint's external affairs activities in North Carolina  
9 and South Carolina which includes providing regulatory and legislative  
10 advocacy for Sprint's affiliates in these states.

11

12 **Q. Have you previously testified before state utility Commissions?**

13 A. Yes, I have testified before the Public Service Commission of South Carolina,  
14 the North Carolina Utilities Commission, the Tennessee Regulatory Authority  
15 (previously the Tennessee Public Service Commission), and the Virginia  
16 State Corporation Commission, addressing the areas of finance/accounting,  
17 rate design, access charge reform, regulatory policy, price regulation plans,  
18 rules for local exchange competition and universal service issues.

19

20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to support the fact that the approval of Sprint  
22 Long Distance, Inc.'s ("SLDI") Application is in the public interest, and that  
23 SLDI has the financial, managerial and technical capabilities to operate as a

1 facilities based / reseller of local exchange service in South Carolina. I will  
2 also explain why SLDI is seeking a waiver of certain Commission rules.

3

4 **Q. Is this the same SLDI that the Commission recently approved as an**  
5 **interexchange carrier in South Carolina?**

6 A. Yes. On December 8, 2005 the Commission issued Order No. 2005-689 in  
7 Docket No. 2005-238-C granting a *Certificate of Public Convenience and*  
8 *Necessity to provide Intrastate Resold Telecommunications Services* to SLDI.

9

10 **Q. Why is SLDI now asking for a certificate of Public Convenience and**  
11 **Necessity to provide local exchange service?**

12 A. SLDI will also be the CLEC arm of LTD Holding Company as well as the  
13 interexchange carrier. This will allow LTD Holding Company to compete  
14 outside of United Telephone Company of the Carolinas' service territory.

15

16 **Q. What type of services will SLDI offer?**

17 A. The LTD Holding Company is in the process of developing products.  
18 However, in general the offerings will include dialtone, custom calling features  
19 and High Speed Internet access for both residential and business customers.  
20 More likely than not these services will be bundled with the SLDI  
21 interexchange service.

22

23 **Q. Will these products be placed in a tariff?**

1 A. Yes, the stand alone local exchange products will be filed in a tariff for this  
2 Commission to approve. Bundled services will not be filed in the tariff as they  
3 are deregulated. Exhibit E of the application provides an illustrative tariff for  
4 SLDI. This illustrative tariff includes the terms and conditions of our product  
5 offerings. As noted above, we are still in the process of developing our  
6 product lineup. Once it is complete, the tariff will be filed with the Commission  
7 for approval prior to offering services.

8  
9 **Q. What territory is SLDI planning to serve?**

10 A. SLDI is seeking statewide approval of its application. SLDI understands that  
11 there are many Incumbent Local Exchange Companies ("ILECs") that  
12 maintain their rural status and SLDI will commit to the guidelines provided in  
13 the Stipulation filed between South Carolina Telephone Coalition and Pac-  
14 West Telecomm, Incorporated on December 5, 2005.

15  
16  
17 **Q. Why would approving this Application be in the public interest?**

18 A. Approval of SLDI's Application will benefit consumers in South Carolina by  
19 creating greater competition in the local exchange marketplace. Increased  
20 competition has the effect of lowering prices and improving customer service.

21  
22 **Q. Does SLDI have the financial abilities to operate as a Competitive Local**  
23 **Exchange Company ("CLEC")?**

1 A. Yes. As noted above, the Commission recently approved SLDI's IXC  
2 application and on the same day approved the transfer of control of SLDI and  
3 United Telephone Company of the Carolinas to LTD Holding Company (Order  
4 No. 690, Docket No. 2005-246-C). Both those applications provided  
5 information which shows that LTD Holding Company and SLDI have the  
6 financial ability to operate as a CLEC. Also attached to the application is a  
7 pro forma income statement which indicates that the long distance business  
8 is expected to be profitable from the outset which will provide funding for this  
9 CLEC enterprise.

10  
11 **Q. Does SLDI have the managerial expertise to operate as a provider of**  
12 **competitive local exchange services?**

13 A. Yes. Exhibit D from the Application gives a brief history of each of the  
14 directors of SLDI. As can be seen from that exhibit, the directors of SLDI  
15 have the experience and depth to manage a competitive local exchange  
16 company. These are the same directors that this Commission approved for  
17 the IXC application and the transfer of control application.

18  
19 The senior manager of SLDI, is Michael B. Fuller. Mr. Fuller, currently  
20 President and Chief Operating Officer of Sprint's Local Telecommunications  
21 Division, has had responsibility for leading Sprint's local telephone operations  
22 since 1996. Prior to his current position, Fuller served as president of  
23 Western Operations in Sprint's local telephone operations, a position he was

1 appointed to in July 1996. Before that, he was president, Sprint/United  
2 Telephone-Midwest for six years.

3  
4 From 1983 to 1988, Fuller held key management positions in United's long  
5 distance business. He served as vice president-planning for ISACOMM in  
6 1983 and as senior vice president-administration and planning for US  
7 Telecom in 1984. With the formation of US Sprint in 1986, he became  
8 president of the company's Southeast Division, based in Atlanta. He later  
9 became senior vice president-planning development and international  
10 services in 1987. He was named executive vice president-staff in 1988. Fuller  
11 rejoined the Local Telecommunications Division in 1989 as president, United  
12 Telephone of the Northwest.

13  
14  
15 **Q. Does SLDI have the technical expertise to operate as a CLEC?**

16 A. Yes. SLDI will use a combination of its own facilities and resell to provide  
17 service. United Telephone Company of the Carolinas, a subsidiary of LTD  
18 Holding Company and an affiliate of SLDI, has been providing local exchange  
19 service for numerous years in South Carolina and SLDI will be able to draw  
20 upon that experience. SLDI has been approved to operate as a CLEC in  
21 Florida, Indiana and North Carolina.

1 **Q. Is SLDI aware of the rules and regulations of the Public Service**  
2 **Commission of South Carolina?**

3 A. Yes. The Commission's rules and regulations are well known to both SLDI  
4 and LTD Holding Company. United Telephone Company of the Carolinas, an  
5 affiliate of SLDI, has been operating in South Carolina for many years and  
6 this knowledge can be transferred to SLDI.

7  
8 **Q. What type of regulation is SLDI seeking in its Application?**

9 A. SLDI is seeking Flexible Regulation of Local Services in addition to the  
10 Alternative Regulation of Interexchange Services approved in Docket 2005-  
11 238-C. SLDI requests that its competitive local service offerings be regulated  
12 in accordance with procedures authorized for Sprint Communications  
13 Company, L.P. in Order No. 2003-383 in Docket No. 2003-150-C.

14  
15 **Q. What regulatory relief and waivers is SLDI seeking in its Application?**

16 A. SLDI requests that the Commission grant a waiver of any Commission rule  
17 that would require it to maintain its books under the Uniform System of  
18 Accounts. Because Sprint Long Distance, Inc. currently maintains its books  
19 and records in accordance with Generally Accepted Accounting Principles, or  
20 GAAP, it would constitute a burden for SLDI to maintain two sets of records.

21  
22 Also, SLDI requests a waiver of 26 S.C. Code Regs. Section 103-610  
23 ("Location of Records and Reports") in order that SLDI may be allowed to

1 maintain its books and records outside South Carolina, i.e., at its operational  
2 headquarters located in Overland Park, Kansas.

3  
4 SLDI requests a waiver of the requirement in Rule 103-631 to publish and  
5 distribute local exchange directories. Sprint Long Distance, Inc. will make  
6 arrangements with the incumbent LECs whereby the names of Sprint Long  
7 Distance, Inc.'s customers will be included in the directories published by the  
8 incumbent LECs. LEC directories will also be modified to include Sprint Long  
9 Distance, Inc.'s customer service number. These directories will be  
10 distributed to Sprint Long Distance, Inc.'s customers. This approach is  
11 entirely reasonable and will have a direct benefit to the customers of both  
12 Sprint Long Distance, Inc. and the incumbent LEC since they need only refer  
13 to one directory for a universal listing of customer information.

14  
15 Lastly, SLDI seeks a waiver for the filing of service territory maps. SLDI  
16 service territory will be analogous to the ILECs' service territory.

17  
18  
19  
20 **Q. Does this conclude your Direct Testimony?**

21 A. Yes, it does.

## CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: In the Matter of the Application of Sprint Long Distance, Inc. for Authority to Provide Resold and Facilities-Based Competitive Local Exchange Service.


PARTIES SERVED:

C. Dukes Scott, Esquire  
Executive Director  
Office of Regulatory Staff  
P. O. Box 11263  
Columbia, SC 29211

Florence P. Belser, Esquire  
General Counsel  
Office of Regulatory Staff  
P. O. Box 11263  
Columbia, SC 29211

PLEADING: Direct Testimony of C. Steve Parrott  
On Behalf of Sprint Long Distance, Inc.,  
December 29, 2005

December 29, 2005

  
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Marcia W. Walters